

Testimony of William B. Timmerman, Chairman and CEO of SCANA Corporation
Committee on Veterans' Affairs, Subcommittee on Benefits, July 24, 2003

Chairman Brown and Members of the Subcommittee:

I am honored to be here today representing 5,500 employees of SCANA Corporation, who share in the recognition of our company as an "exemplary employer for our valued Reservists." A few quick facts about our company will provide some context for my testimony.

SCANA Corporation is the successor to a company founded 157 years ago. Today, we are a Fortune 500 company, serving electricity and natural gas to significant portions of South Carolina, North Carolina and Georgia. Thirteen percent (13%) of SCANA's outstanding common stock is owned by its employees. Our average employee owns approximately 2,000 shares of our stock which is freely tradeable by them. Those shares have an approximate market value of \$66,000 and pay an annual dividend of \$2,800. Our average employee has been with us for 14 years and expects to work with us until retirement.

Our business success is built on 6 corporate values relating to service to communities, achievement, open communications, respect and caring for all people, excellence in operations and safety, and always doing the right thing. I am especially proud that the veteran's organizations recognized us for "doing the right thing." I sincerely believe we "walk the talk" with respect to our values, especially doing the right thing.

There also is an unwritten business principle which we diligently follow--- Employees treat customers as well or as poorly as they perceive they are being treated by the company. It's human nature, and a very powerful and very real predictor of employee behavior in the work place. Our business success

depends on serving 1.1 million natural gas customers and 600,000 electric customers every day. In today's world, it takes massive amounts of teamwork and personal communication to make our efforts come together so that our customers can take reliability, safety, integrity and caring energy service for granted.

So what do we do for reservists who are called away for active duty?

First, we continue all pay and benefits at current levels until their return, reduced only by the amount of their military pay. Their total pay, including military pay, qualifies for matching in our 401(k) savings plan, and counts toward their retirement. We keep them eligible for all bonuses, and in fact recently paid incentive bonuses to reservists on active duty which were earned by company employees for performance in 2002. Obviously, their jobs are protected for their return.

Beyond this, we work hard to keep them in our company family. We organized support groups for the families left behind. Managers and other leaders in our company monitored the families' needs while the reservists were gone. From time to time we sent "care" packages, which included a lot of company publications and other news. Finally, each reservist got a letter from me, which provided them with my direct email address and encouraged them to let me know if they needed anything that I could make happen. Throughout their deployments I have received notes and cards from those deployed. None of them ever had to call on me, which is a very positive sign. For me, it was comforting to know that the channels of communication were open. Other leaders in our company did the same thing. I should point out that these same policies and practices were substantially in place for the last large reserve deployment in 1990-1991.

So why do we do this?

The first reason is my personal commitment to members of the Armed Forces. From 1968 to 1972, I was an enlisted man in the U. S. Navy and served in 1972 aboard the USS America, then deployed to Vietnam. I do not have many happy memories of the treatment of military personnel during that era, or upon transition and reentry into the civilian world. That is history and none of us can change it. Some of us will never forget, even though we may have gotten over it. However, I do use my sphere of influence to ensure all my fellow employees never feel a lack of support or caring, especially those called to active duty.

Going beyond my personal convictions, our treatment of reservists parallels our treatment of other good employees who might be having a significant, temporary personal issue. For example, we work closely with employees who might be going through an extended series of chemotherapy treatments or other physical rehabilitation, might have had a house fire, might have experienced the sudden loss of an immediate family member, or other catastrophic situation that impacts their ability to work a normal schedule for a while. We take a long term view with respect to employment. We are able to do this because our operating assets and our customer relationships are long-lived.

So our policies and practices in this area fit our business model and our customer expectations and needs quite well. However, I could not prescribe our policies for all organizations.

There are many businesses which do not have the size and scope of operations to have the requisite flexibility for these kinds of policies. Some businesses might not have enough financial strength. Some organizations may be in the development stage, or so dependent on an individual's talent or entrepreneurial skills that they are limited as to what they could accomplish.

As I try to think about where our nation seems to be heading from a foreign policy standpoint and from a military preparedness standpoint, it seems that militarily,

we are depending more on the reservists now than ever before. It also seems that there are increasing situations in the world that make the deployment of armed forces, regular and reserves, for limited times more likely than before. Thus the reservist/civilian job market interface probably will be more pressured in the future. Not all organizations can support our reservists the way SCANA does.

Beyond certain basic protections, the treatment of reservists in the workplace probably is similar to a host of other employee/employer relationships. In my experiences, direct explicit communications with no surprises makes that relationship work best.

I do think employers must provide a clearly written delineation of how reservists on active duty will be treated. A clear and explicit set of expectations and policies for the employer, the reservist, and his or her family, would go a long way toward helping reservists find employers who will support their commitments.

My personal thanks to this committee for allowing me to testify today regarding SCANA's experiences with the treatment of our employees who also serve in the armed forces reserve. I would be pleased to answer any questions.

STATEMENT

SCANA Corporation has never received a Federal grant or contract relevant to the subject matter of this testimony.